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St. Lawrence Seaway's 10th Anniversary

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This week's cover:

For 10 years now ships like the *Britannia*, pictured here in a lock as the water level rises, have moved out of central North America into the world via the St. Lawrence Seaway. See story beginning this page.

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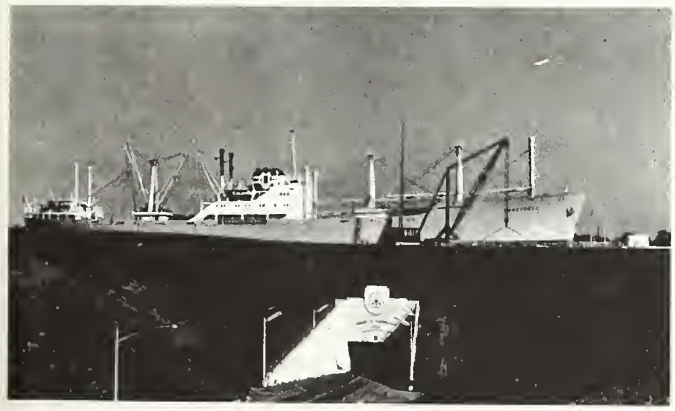
U.S. and Canad

In the 10 years since the seven new locks and the 27-foot-deep channel have been in operation, some 350 million tons of cargo have moved along the St. Lawrence Seaway, including 68.4 million tons of wheat and 34.1 million of corn and barley.

elebrate Seaway's Tenth Anniversary

Ten years ago this week, Queen Elizabeth II and then-Vice President Richard M. Nixon formally opened the 27-foot-deep St. Lawrence Seaway that was to bring oceangoing traffic 2,342 miles into the North American continent—giving U.S. and Canadian farm, mineral, and other products a new passage directly to world markets.

On Thursday, the United States and Canada will begin 12 days of celebrations to mark the Seaway's first decade—10 years that have seen almost 350 million tons of cargo—including over 100 million of wheat, corn, and barley—travel the Montreal-to-Lake Ontario channel of lakes, locks, and canals that leads to the Great Lakes and enables the once-barred ships of the Atlantic to view the once-landlocked core of America. The entire St. Lawrence-Great Lakes region on both sides of the border is involved in the festivities, including the States of Illinois, Indiana, Michigan, Minnesota, New York, Ohio, Pennsylvania, and Wisconsin and the Canadian Provinces of Manitoba, Ontario, and Quebec.



Highlights of international significance will be dedication of a new lock at Sault Ste. Marie and formal Canadian rededication ceremonies at Montreal on June 26, formal U.S. rededication ceremonies at Massena, N.Y., on June 28, and concluding international ceremonies at Detroit-Windsor on July 7.

In announcing the program for the anniversary celebration, H. D. Doan, general chairman of the Governors' Committee planning many of the events, said: "In the Great Lakes-St. Lawrence Seaway system we have a national and international water resources asset unparalleled in the world. More than 20 percent of the fresh water on the surface of the earth is here directly in our midst. Certainly for midcontinent America we regard the waterway as a primary artery of commerce.

"We are generating agricultural and industrial products for export through the Seaway that would otherwise never be a part of our gross national product. Conversely, because of the Seaway, we gain access to materials from throughout the world for our own use and for further processing. The Seaway is midcontinent North America's link with the ports and markets of the world."

By deepening the waterway to 27 feet 10 years ago, the United States and Canada built on 259 years of improvements along the trade route the Indians called "River Without End." The first of these was a 1½-foot-deep canal built in 1700 at Little River St. Pierre near Lachine. Early settlers made several attempts to build small canals from 12 to 18 inches deep to bypass the treacherous Lachine Rapids that forced ships

Below, on an upbound transit of the St. Lawrence Seaway, vessel enters Eisenhower Lock on the U.S. side. This and the nearby Snell Lock cost $130 million to build and are each 800 feet long. Left, entrance to the Eisenhower Tunnel that runs under the lock.

moving down the St. Lawrence to stop at Montreal. These attempts were frustrated by Indian raids and the difficulty of cutting into the rock. Until well into the 1700's, the rapids remained obstacles to river travel beyond Montreal.

The British in 1779 began the first locks around the rapids, five stone ones with 2½ feet of water. These were sufficient to allow passage of the flat-bottomed boats then in use. Continued building and expansion of locks and canals in the St. Lawrence, improvements in the area between Lake Ontario and Lake Erie to permit passage around Niagara Falls, and a series of locks at Sault Ste. Marie to open up Lake Superior brought 14-foot navigation from the Atlantic Ocean through the Great Lakes by 1908, the year when the last canal in the international rapids section of the St. Lawrence was deepened to that level.

As grain production in the midcontinent began to zoom upward and as large caches of coal, iron ore, copper, and petroleum were discovered, cries were heard for an expanded waterway system to carry these commodities in larger volume both among U.S. and Canadian ports and to foreign markets. These demands prompted the United States and Canada to jointly develop a new 27-foot channel. On August 10, 1954—exactly 419 years to the day after French explorer Jacques Cartier named the St. Lawrence River—ground was broken for the new project.

World's biggest engineering job

Construction of the new channel cost the United States and Canada $471 million and has been called the biggest engineering job in the world. It was not just a matter of building canals, dikes, dams, and locks. Nearly 10,000 people were moved from their homes; bridges had to be lifted; factories and railroads, even whole towns, had to be relocated.

Today, the Seaway consists of a series of seven new locks—all 800 feet by 80 feet by 30 feet—between Montreal and Lake Ontario. They permit passage of ships up to 730 feet long by 75 feet wide. Two of these locks—Eisenhower and Snell—and the channels are the responsibility of the U.S. St. Lawrence Seaway Development Corporation. The other five, as well as the Welland Canal connecting Lake Ontraio and Lake Erie, are operated by Canada's St. Lawrence Seaway Authority.

Last year, 48 million tons of cargo passed through these facilities, almost 2½ times the volume during the new Seaway's first year of operation. The 1968 volume was just slightly below estimates for that year made before the Seaway opened by the joint United States-Canada St. Lawrence Seaway tolls commission, which predicted that traffic would level off at about 50 million tons after 10 years of operation. With the exception of 1966—when 49.2 million tons of cargo were registered—1968 was a record year.

Although iron ore ranks first among the commodities shipped via the Seaway, the volume of grain traffic proves that U.S. and Canadian shippers of agricultural products have taken advantage of the lakers and merchantmen that now reach into the continent's agricultural heartland almost to the fields. Loaded to a maximum permissible draft of 25 feet 9 inches, a laker can carry over 27,000 tons of grain—the yield of more than 51,000 acres of prairie farmland.

Shipments of wheat via the Seaway in 1968—at 6.6 million tons—were nearly double the 1959 level, while those of corn were up to 3.2 million tons from 0.9 million. The volume of corn was the second highest for the 10 years of Seaway operation—slightly under the 3.7 million tons shipped in 1965—but that of wheat fell considerably from the levels of 1964-66 with the slackening of demand from several countries that had made large purchases, primarily of Canadian wheat, during those years.

Of the total volume of wheat shipped via the Seaway last year, U.S. producers sent nearly 1.7 million tons to Canadian and overseas ports, up from just 697,000 tons in 1960, according to the St. Lawrence Seaway Development Corporation. Shipments of U.S. corn to the same destinations, at about 3.1 million tons, accounted for nearly all the corn traffic on the Seaway. In 1960 U.S. corn shipments via the Seaway totaled just slightly over a million tons. U.S. exports of soybeans through the St. Lawrence totaled over 1.2 million tons last year, up from 490,000 in 1960.

Ships getting larger

Also on the rise is the percentage of total Seaway tonnage carried by larger vessels, those of 700 feet or more. In 1959 only 5 percent of the total cargo moved on these vessels. This percentage has increased steadily, and last year 36 percent of the total moved on larger ships.

To accommodate these larger ships, cities along the Great Lakes have invested millions of dollars in port facilities. Toledo, Ohio, has spent $40 million on harbor improvements, a quarter of it on grain terminals and the rest on general cargo terminals and other facilities. Chicago has invested over $100 million in its harbor since the opening of the Seaway, and in Canada some $60 million has been put into port facilities at the Lakehead.

Other major construction consists of large grain elevators along the St. Lawrence River. These elevators can fill up with grains brought down from the western Great Lakes area during the summer by lake barges—an inexpensive mode of transport. During the open-navigation period of the Seaway, vessels that part-load at the Great Lakes can "top off" at these elevators; this would bring them up to their maximum load—a tonnage that would not enable them to pass through the limited draft canals and locks. In most winters, too, oceangoing vessels can reach the elevator piers after the Seaway closes.

Just as the Erie Canal, completed in 1825, turned such insignificant villages as Buffalo and Cleveland into major cities, the new Seaway has turned former rail centers and lake ports into ocean ports even though they may be over 2,000 miles from the nearest salt water.

U.S. SHIPMENTS OF SELECTED FARM PRODUCTS VIA THE ST. LAWRENCE SEAWAY

Commodity and destination	1960	1967	1968
Wheat:	*Short tons*	*Short tons*	*Short tons*
Canada	284,510	511,904	972,803
Overseas	412,032	722,434	717,906
Total	696,542	1,234,338	1,690,709
Corn:			
Canada	426,536	801,584	1,301,202
Overseas	623,758	1,272,830	1,860,855
Total	1,050,294	2,074,414	3,162,057
Soybeans:			
Canada	184,101	211,971	479,155
Overseas	302,150	625,292	764,003
Total	486,251	837,263	1,243,158

St. Lawrence Seaway Development Corporation.

Yugoslav Production Closing Grain Gap

BY HORACE E. SEARS
Grain and Feed Division, FAS

Yugoslavia's grain producers continue to make substantial contributions to their country's productivity. Total grain output of wheat, rye, rice, corn, oats, and barley during 1968 totaled 12.1 million metric tons, and latest indications are that the 1969 crop should produce 13.2 million; this is slightly more than the 1966 record.

Excellent soil moisture and good weather conditions which generally prevailed throughout the winter and spring are the chief factors behind this optimistic outlook. Not to be overlooked, also, are farmers' responses to more favorable agricultural prices, easier credit, and broader market outlets. These incentives, plus the aid of good weather conditions, resulted in increased area planted to grains and greater use of fertilizers, insecticides, and hybrid seeds.

As a result, only 100,000 tons of wheat are expected to be imported during the 1969-70 marketing year, mainly hard wheat to maintain bread quality. Corn export availabilities are estimated to total approximately 800,000 tons. Rice acreage is expanding and is expected to double in the next few years, but imports will continue at reduced levels. Thus, Yugoslavia can be said to be on the verge of achieving self-sufficiency in grains, after already having shifted to a net export position beginning in 1966-67.

Wheat prospects excellent

Production of wheat hit a peak of 4.82 million metric tons in 1967. Although acreage increased in 1968, a crop of only 4.36 million tons was produced. Present conditions for the 1969 crop indicate an increase of over 10 percent from an area equal to that of last year. Plentiful winter and spring moisture together with increased use of commercial fertilizers have brought the new-crop prospects to their current excellent state. Weather between now and harvest will, of course, affect the final outcome.

In the early 1960's, Yugoslavia was a large importer of wheat, with annual imports averaging over a million tons. These imports largely were under U.S. concessional sales programs. Such sales in recent years have not been possible owing to U.S. legislative restrictions. However, there have been commercial sales with the help of CCC credit. Beginning in 1966-67, total imports, each year, have been 420,000 tons or less, of which slightly over 80 percent came from the United States.

Larger wheat crops are decreasing Yugoslavia's reliance on imports. The main reason for continued small import requirements is the need for higher protein wheats for blending purposes, but even here efforts are being made to select and grow improved varieties to meet milling needs. No imports of wheat grain will be required during the 1968-69 marketing year. Import data indicate the importation of only 5,000 tons of wheat flour (grain equivalent) from Hungary, which is presumably border trade. This reduction from prior years was due to the record 1967 harvest and heavy carryover stocks that created some storage problems.

Total wheat consumption is continuing a slight downward trend based on a pattern of lower feed use and increased food use. Commercial stocks on July 1, 1969, are expected to be 593,000 tons, 400,000 tons less than the carryover on July 1, 1968. This is equivalent to only about 6 weeks' consumption.

The importation of wheat is controlled by the government, which announces the "commodity contingent" for imports each calendar year. Once approved, imports are free without any type of import charge. The tariff rate for wheat flour is 7 percent of total import value, of which 3 percent is a normal tariff rate plus 3 percent as a special duty for the equalization of the tax assessment. Also an additional 1 percent is added to cover the costs of customs services.

Corn forecast

Corn is the largest grain crop produced in Yugoslavia and production in 1969 is expected to reverse last season's downward trend, the current forecast being 7.5 million tons. This will be the second highest crop year, should this forecast materialize—only 6 percent below the record 7.98 million tons achieved in 1966. Last year's lower production of 6.8 million tons was the result of a prolonged dry spell at the most critical period of the crop's development.

The anticipated increase in 1969 is based mainly on weather conditions to date, which have been favorable. Soil moisture is high after the winter and early spring rains which covered most of the country. Farmers also are making greater use of fertilizers and hybrid seed on expanded acreage.

Yugoslav exports of corn during the current fiscal year will be less than half of the 516,000 tons exported during 1967-68. Two reasons for the sharp decline in shipments were the virtual ban on imports of corn by Austria and difficulties in marketing corn in the Common Market countries. However, the main reason was reduced supplies for export and low corn prices in the world market. The Government of Yugoslavia stops shipments when European import prices drop below $57 per metric ton. They would prefer to feed the corn to livestock and sell more livestock products.

Estimated export availabilities during the 1969-70 fiscal year are about 800,000 tons if production achieves the fore-

GRAINS: YUGOSLAV AREA AND PRODUCTION

Commodity	1967	1968 [1]	1969 [2]
	1,000	*1,000*	*1,000*
AREA	*acres*	*acres*	*acres*
Wheat	4,645	4,967	4,967
Rye	341	326	309
Rice (paddy)	15	12	14
Corn	6,227	6,103	6,178
Barley	852	771	791
Oats	746	704	741
Total	12,826	12,883	13,000
	1,000	*1,000*	*1,000*
	metric	*metric*	*metric*
PRODUCTION	*tons*	*tons*	*tons*
Wheat	4,820	4,360	4,680
Rye	171	138	140
Rice (paddy)	23	22	25
Corn	7,200	6,810	7,500
Barley	606	450	550
Oats	364	295	350
Total	13,184	12,075	13,245

[1] Estimate.
[2] Forecast.

cast level. This would be a record quantity, but the amount actually exported will depend mainly on world prices as expressed primarily within the EC.

Total domestic consumption of corn during the current year is estimated at 6.3 million tons, down 7 percent from the previous year. No significant change in stocks is anticipated. The decline in consumption reflects reduced livestock numbers and a drop in feeding operations due to problems during the previous year in maintaining livestock and meat exports.

Rice expansion planned

Yugoslavia's 1968 rice crop has been estimated at 22,500 metric tons paddy, or 13,500 tons milled basis. Indications for 1969 production are for 24,700 tons of paddy, which would result in 14,800 tons milled. Future plans call for expanding the rice area to double that of 1968 in an effort to reduce import requirements to about 15,000 tons annually, milled basis.

Rice imports generally are needed to meet domestic requirements. During calendar year 1968, about 27,900 tons were imported, mostly from Cambodia, UAR, and Greece. For 1969, because of reduced carry-in stocks, the Yugoslav Government has approved the "commodity contingent" importation of 55,000 tons. If these imports materialize, consumption could increase from 47,600 tons last year to 52,200 tons in 1969. On the same basis, beginning stocks on January 1, 1970, would be around 20,000 tons as compared to only 3,200 tons a year earlier.

Average import prices in 1968 were $205.60 per metric ton of milled rice not polished, and $217.10 per ton for polished and glazed rice. Imports are controlled by the government through quotas. Paddy and brown rice are free, while the tariff rates for glazed, polished, and other rice are 7 percent of total import value.

YUGOSLAV TRADE IN GRAINS

Commodity	Average 1961-62/ 1965-66	1966-67	1967-68	1968-69[1]	1969-70[2]
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
IMPORTS					
Wheat (incl. flour) ..	1,143	290	419	5	100
Rice (milled)	25	16	24	41	35
Barley	30	1	2	50	20
Corn	42	—	—	—	—
Total imports	1,240	307	445	96	155
EXPORTS					
Corn	102	705	516	157	800
Barley	27	109	98	35	70
Total exports	129	814	614	192	870
Net position[3]	−1,111	+507	+169	+96	+715

[1] Estimate. [2] Forecast. [3] Minus sign = net imports; plus = net exports.

Other grains

Higher rye yields should provide an estimated crop of 140,000 tons in 1969, up 2,000 tons from the previous year. Seeded area declined about 7 percent because of a reduced support price, but yields are expected to rise substantially. Total consumption in fiscal year 1968-69 will be up slightly because of increased use of rye as food.

The 1969 barley and oats acreages are forecast at 3- and 5-percent increases, respectively. The production of these grains is expected to increase because of favorable weather conditions and higher yields. Barley estimates indicate 550,000 tons (450,000 tons in 1968), while oats indications are 330,000 tons (295,000 tons in 1968).

Exports of barley during fiscal year 1968-69 are expected to be about one-third of the 98,000 tons shipped during the previous year. Due to the small 1968 crop, about 50,000 tons of barley will be imported to meet domestic needs. The anticipated new-crop results should return Yugoslavia to its normal position as an exporter of barley. Trade in rye and oats is insignificant, according to available data.

Finns Try New Surplus Antidote

In an attempt to prevent further accumulation of surpluses, particularly of grain and butter, Finland has introduced a program of cutting farm output by enabling certain categories of farmers to remove their land from production. In effect, the new arrangement may be Western Europe's first soil bank.

Farmers over 60 years old with small farms may voluntarily stop cultivating from 5.5 to 34.6 acres each and receive annual compensation of about US$24.30 per acre. The compensation is equivalent to the estimated income per acre on the farms affected. The Finnish Government expects almost 250,000 acres to be retired in the next 2 years at a total cost of about $6 million. The program went into effect on May 1.

Australian Grain Storage

Plans are underway in Australia to build more bulk grain storage facilities, badly needed this year to take care of the country's huge stocks. The single-silo buildings, which will have a capacity of 14 million bushels, are to be constructed at 22 locations. Main centers selected for extra storage and their grain capacity are Minnipa 450,000 bushels, Kimba 450,000, Port Lincoln 1.25 million, Ardrossan 2 million, Port Giles 1.5 million, Wallaroo 1 million, Port Adelaide 3 million, and Murray Bridge 370,000. When completed, the extra storage will increase the capacity of the bulk grain silo system to more than 80 million bushels.

Food Grains to Ghana

Ghana, a deficit producer of food grains, imports most of its rice from the United States and its wheat from Canada. Total rice imports in 1968-69 will likely reach about 34,000 long tons, and in 1969-70 about 39,000. Ghana itself produced a paddy rice crop in 1968-69 of about 44,000 long tons, slightly more than the 42,000 recorded for 1967-68 and the highest in 5 years.

Other food grains and feedgrains suffered losses from excessive moisture and floods in the southern region and pockets of drought in the northern region during the second half of 1968; but rice was not badly damaged. Even with increased efforts towards building up domestic rice production, however, Ghana will have to continue its dependency on imports for some time.

Wheat imports are increasing rapidly in line with the development of the country's flour milling industry. Imports now total about 80,000 long tons and will probably increase to about 90,000 in 1969-70. Canada made a recent grant to Ghana to provide for the purchase of about 25,000 metric tons of wheat.

Swiss Buy Foods "Made in USA"

The theme of the first in-store point-of-purchase promotion for U.S. foods in Switzerland was the phrase "Made in USA." From April 21 through May 3 the 35 grocery stores in and near Geneva of the Swiss consumers' group Société Cooperative Migros Genève used red-white-and-blue displays, posters, signs, price cards, banners, special stands, and flashing lights to create an American atmosphere and attract their customers to both familiar and new U.S. foods.

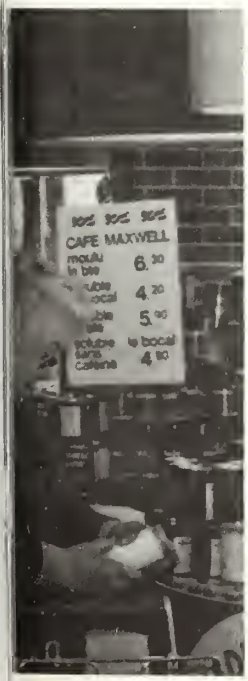
USIA films of the Apollo 8 and 9 missions lured newsmen to the kickoff press conference for the promotion. And full-page, detailed advertisements in all the local daily newspapers pre-alerted Geneva's shoppers. In addition, a contest, in which the first prize was a trip to the United States, gave spice to activities. To enter the contest, a customer had only to write the price of a U.S.-brand instant coffee on a special form.

In the eight Migros supermarkets near or in Geneva another crowd magnet was demonstrations of food preparation and food sampling. Popcorn and pancakes with maple sirup were highlighted in all supermarkets, and some stores initiated sampling of other products.

Of the 200 U.S. food items featured in the promotion (120 of which were new to the Swiss market), the biggest successes were: the line of condiments (especially chili sauce, perhaps because of its similarity to an already known U.S. product—ketchup); honey (partly because of its attractive containers); canned fruits not usually available in Switzerland (such as blackberries and raspberries); marshmallows and marshmallow cream; dried fruits (already well known and liked by shoppers); canned soups (preferred by some people to the packaged soups commonly sold in Switzerland); and canned vegetables not usually available on the Swiss market (zucchini squash, corn, and string beans).

Managers of all 35 Migros stores in the Geneva area agreed that the promotion was a success, and current estimates are that total sales for U.S. items were nearly 20 percent greater than expected. Store managers all felt that the introduction of new products to their clients was particularly valuable both for expanding customers' grocery repertoires and for increasing total sales.

The good acceptance of foods from the United States in Migros' Geneva stores is an important step in U.S. entry to the Swiss market on a bigger scale. Migros is one of the major food chains in the country, with a total of 446 retail supermarkets and self-service food stores. The chain has now had proof that many U.S. foods will be purchased by customers in good quantity and that the availability of unusual items may stimulate the sales of regular merchandise.



Top right, demonstrator shows customers how to prepare popcorn that comes packaged in an aluminum skillet; above, right, housewife ponders a jar of U.S.-brand mayonnaise; left, a discriminating shopper makes a careful choice; above, some members of the "in" group do their vegetable shopping; right, special display stands both present the theme of "Made in USA" and serve as customer supply areas.

Argentine Grain Trade News

Argentina is holding to its wheat export commitments for 1969 despite tight supplies, but the country may need to import to influence prices. Meanwhile, the export volume of sorghum and corn for the first 4 months of the year has surpassed the 1968 level.

Bilateral agreements for wheat exports include those for 1 million tons to Brazil and 100,000 to Chile. These plus committed exports by the private trade bring the total volume committed up to about 2 million tons. Supplies appear to be available for exports of around 2.3 million, and the Grain Board is still permitting traders to bid for export sales on a small scale. No important new sales will be possible before the next harvest.

Despite the continuation of exports, the Argentine Grain Board has been authorized to import up to 300,000 tons of wheat. The announcement of this authorization was calculated to dampen a speculative rise in wheat prices and an apparent tendency to hold wheat in anticipation of higher prices. As yet no tenders have been called for imports, but if they are the amount will likely be for 50,000 to 60,000 tons.

The January-April volume of corn for export was 1.57 million tons compared with 809,000 in 1968; for sorghum it was 590,000 tons against 161,000 a year earlier.

A major reason for the rapid deliveries from farms was undoubtedly the temporary unavailability of U.S. feedgrains because of the U.S. dock strike. At the Buenos Aires terminal in mid-May the price for corn was about 1,630 pesos per 100 kilograms (about 2 U.S. cents per pound) against a support price 1,350. Sorghum was at 1,220 pesos compared with a support price of 1,050. A sharp upward movement in export prices for feedgrains—almost $7 a ton in the last month—has supported trading volume. On May 15 corn was quoted at about $54.50 per metric ton, f.o.b. Port of Rosario (for shipment to Italy), and sorghum at about $42.

The volume of 1969 corn traded for export is estimated at 2.9 million to 3 million tons, and there may be another 600,000 tons available. Corn exports in 1969 are expected to reach 3.6 million tons. Trading in sorghum is expected to total 1.4 million to 1.5 million tons for the year.

—Based on dispatch from Joseph C. Dodson
U.S. Agricultural Attaché, Buenos Aires

Ecuador's Farms Get Credit

Ranchers, farmers, farm cooperatives, and small businesses in Ecuador, especially those concerned with processing agricultural goods, are about to get a helping hand in the form of a financial credit program. Credit will especially be extended to help diversify crops, improve livestock breeding, and establish new small-scale agricultural processing industries.

The program will be administered by the Banco Nacional de Fomento (BNF) of Ecuador, partly with its own money and partly with a loan equivalent to US$6 million from the Inter-American Development Bank.

Program funds will be lent for the purchase of quality breeding cattle, sheep, and hogs, for pasture development, for farm mechanization, for on-farm improvements (storehouses, silos, irrigation and drainage works, corrals, fences, bridges, and roads), for improvement of special crops for export (tea, fruit, sisal, sesame, palm oil, and pyrethrum), and for small agribusiness ventures. Credit resources will also be used to continue some previous projects, such as development of plantings of African oil palms.

At present, Ecuador's economic expansion depends chiefly on farm production. Agriculture contributes 35 percent of the country's gross domestic product and more than 90 percent of the nation's export revenues.

Austria Lowers Check-Off

Austria's producer milk check-off, cut back slightly in March, has been reduced a further AS0.05 per liter (about 87 U.S. cents per cwt.) effective May 1. Official explanation for the reduction is that a 6.3-percent decrease in milk sales to dairies plus increased domestic intake of butter and cheese has helped ease surplus pressures.

On paper the fixed subsidized producer milk price in Austria is AS2.30 per liter, based on 3.5-percent butterfat content. Voluntary check-offs, however, have been taken out of this payment for many years to finance export subsidies and domestic sales drives, the amount withheld depending on the size of milk supplies in surplus.

From April 1968 through February 1969 the deduction was at a maximum AS0.20 per liter. The May 1 reduction brings the check-off down to AS0.11 per liter, including AS0.01 to pay for domestic advertising campaigns. Dairy farmers marketing Grade 1 milk have been drawing a bonus of AS0.07 per liter since January, so their check-off is only AS0.04. About 70 percent of total milk sales is said to be Grade 1 milk.

Reducing the check-off is a tacit increase in income for farmers, but many of them are still dissatisfied with what they call "intolerably low" producer milk prices. Some 5,000 farmers backed by the Austrian Independent Farmers Association demonstrated their dissatisfaction in a protest march against the government in Vienna May 13.

—Based on dispatch from Alan W. Trick
U.S. Agricultural Attaché, Geneva/Vienna

Portugal's Wheat Prospects Poor

Heavy rainfall from late September 1968 through the beginning of April 1969 has sunk Portugal's chances of a good wheat harvest this year. Present estimates are that production will not be more than 450,000 to 500,000 metric tons; the average yearly production from 1960 through 1968 was 554,000 tons. The 1969 prospect is in sharp contrast with Portugal's unusually large crop in 1968—roughly 800,000 metric tons.

Part of the reason for cut production is decreased acreage in wheat. Some wheat-producing areas in river valleys were flooded; other areas not actually flooded were so wet they could not be properly prepared and seeded. Another factor lessening output is large-scale soil erosion.

Because of its own short crop, Portugal will have to increase its imports of wheat in 1969-70. For 1968-69, foreign purchases are estimated at only 100,000 metric tons because of large domestic production. During the coming marketing year imports will probably only be about 350,000 metric tons because of stocks left from the 1968 harvest.

Above, workers in a south Indian commercial processing factory peel the paperlike skins from shelled nuts; arrangement of nut-shelling operations is quite similar. Right, girl returning home-skinned kernels to factory. Below, flowering cashew tree.

Mechanization Threatens India's Grip on Cashew Trade

By ROSS L. PACKARD
U.S. Agricultural Officer, Bombay

India is by far the world's most important exporter of processed cashew kernels—an estimated 61,268 metric tons in 1968; but it is a distant second to the east coast of Africa in production of raw cashew nuts. It maintains its prominence in world cashew trade because its merchants buy cheap in-shell cashews in Africa and ship them to India where highly skilled but inexpensive labor performs the arduous and delicate task of removing shells and skins and extracting perfect kernels by hand. African countries cannot provide enough skilled workers at competitive prices.

But some new developments in cashew technology may decrease India's dominance as the world's cashew processor and may staunch the flow of in-shell nuts from Africa to India.

Mozambique and Tanzania are the big producers in eastern Africa—120,000 and 77,000 metric tons of in-shell nuts respectively in 1968. Both Mozambique and Tanzania have in recent years begun using specialized machinery for deshelling and skinning cashews. Until now only minority portions of the African crops have been processed by machinery because of limited facilities and technological imperfections in the processing equipment. But mechanical processing is starting to make rapid progress in Africa and better machinery will soon be put into use. Estimates for 1968 are that 70,000 metric tons of nuts were shelled in Africa, and the product supplied one-fourth of U.S. cashew kernel imports.

As the African cashew crop is increasingly processed at home, the Indian cashew-processing industry may gradually suffer from a drying up of its stream of raw material unless the trend of more cashew nut production in Africa continues to gather momentum.

India in 1968 imported about 203,500 metric tons of raw cashews—more than twice as many as it grew (about 90,000

metric tons). India could not maintain its present processing volume or profit without large imports. In addition, raw nuts will become higher priced in Africa if they can be economically processed on that continent and the kernels sold to countries that now buy kernels processed in India. This development will make it harder for Indian merchants buying African raw cashews.

The Indian Government and various State governments in India are trying to improve the yields of Indian cashew trees now in production and to extend the acreage planted to cashew trees. If Africa becomes an uncertain source, India must produce more of its own raw cashew nuts to maintain its position as a leading seller of processed cashew kernels.

The Indian method

Most cashew processing in India is done in factories, and most of the workers are women and children. Several stages of work are involved.

First, the nut, shell and all, is roasted. Then the shell must be broken in such a way that the whole kernel can be removed.

This operation is tricky and requires patience, skill, and practice. It is complicated by the fact that cashew shells during roasting exude a liquid that is highly irritative to human skin, and workers involved in shelling operations must protect their hands and avoid much contact with the shells. A common method of protection by workers is dipping their hands in the ashes of burned cashew shells. Workers are paid for the number of whole kernels extracted and broken kernels are not counted.

After the nut is shelled, it is still not ready for market. A thin, pinkish skin covering the kernel has to come off. Kernels are given a hot air treatment to loosen the skin, and then each kernel has to be carefully hand peeled. Peeling is usually done by groups of women in cashew-processing factories, but sometimes shelled nuts are distributed to families to peel outside the factory.

When both the shells and the skins have been removed, the kernels are hand graded according to size, color, and wholeness and then packed in 25-pound tins. Two tins are crated into a carton for export.

Cashew kernels are not given their final roasting in India before export because roasting decreases the keeping qualities of the nuts. Therefore, the nuts are given their final treatment in the country to which they are sold.

Cashew markets

The biggest market for India's cashews is the United States —29,460 metric tons in 1968. For the same year, USSR purchases were 17,461 tons. The third largest buyer was East Germany—1,959 tons. Other important markets in 1968 for cashews processed in India were the United Kingdom, Canada, and Australia. Communist countries are becoming increasingly important purchasers because of trade agreements with India and a rising demand for food luxuries.

British Onion Returns Could Make a Farmer Cry

In an attempt to capture a part of the U.K. onion market now held by foreign producers, British farmers have greatly expanded onion acreage between 1964-65 and 1968-69—a jump from approximately 4,000 to 6,000 acres. At the same time, imports of Spanish, Dutch, Polish, Canadian, Egyptian, and other onions have accelerated and imported onions command twice the price of the homegrown article. So many British onions have been produced, and so few people want to buy them even at their present low cost, that returns to growers have been, to quote the London *Financial Times,* "abysmal."

Part of the problem is the British climate. British onions, which are harvested in late autumn and early winter, mature in cool, damp conditions and are apt, when marketed, to be splotchy green and white and have high moisture content. They do not keep well. Another part of the problem is the lag between modern onion-marketing techniques and British practice. For example, the Netherlands is a major onion supplier to the United Kingdom although its own climate is not much different from that of Britain. But the Dutch dry their onion crops artificially to make them both look better and store longer. In 1968 Britain imported 41,073 long tons of onions from the Netherlands.

The country that has done the best in onion selling in Britain is Spain. During 1968 the United Kingdom imported 89,677 long tons—a new Spanish onion import record.

Spain has several advantages in growing onions for the British market. First, sunshine is plentiful so that onions ripen to a golden color and have crispy, shiny, clean skins. Second, Spain plants large acreages of a new, hard, all-purpose onion that has excellent keeping qualities and is suitable for supermarket sales. Third, onions grown in northern Spain can be sent to Bilbao on the Bay of Biscay and from there have a short trip by ship to England. Therefore, transportation costs from Spain to Britain are moderate.

Spain did so well during its 1968-69 crop year (May-April) in selling onions to Britain that it hopes to export more than 100,000 tons to the United Kingdom during 1969-70.

Meanwhile, U.K. growers, middlemen, and government officials have met in London to discuss the limp sales of the British onion. The industry is beginning to realize that it must put some new procedures into its efforts. A few large-volume producers have installed equipment for drying onions. The government is doing research on possible new and better onion varieties. If present low returns continue, British onion acreage and production will almost certainly decline sharply.

—Based on dispatch from David L. Hume
U.S. Agricultural Attaché, London

Queensland's Drought Remedies

Severe drought, which is now affecting 85 percent of the State of Queensland in Australia, has prompted State and Commonwealth Governments to adopt and finance a number of relief measures for the benefit of farmers and farm workers.

Recently, the Commonwealth Government announced that it would meet the whole cost of drought relief in Queensland in 1968-69 after the expenditure of approximately US$4.5 million. Half of the $4.5 million is also provided by the Commonwealth Government.

The following arrangements went into effect in March:

- Subsidies on rail and road transport of "starving" livestock out of and fodder into drought-hit areas.
- Freight rebates on shipping "nonstarving" livestock from drought areas to slaughter.
- Availability of government land for grazing drought-affected cattle.
- Wheat for stock feed obtainable on credit (12-month loans at 4¾-percent interest).
- Financing for hard-hit farmers who are unable to obtain credit from normal commercial sources.
- Grants to local authorities in rural areas to relieve unemployment caused by drought.

In addition, the Commonwealth Government is preparing to confer with the Queensland Government towards the end of June about measures that may be adopted or extended for 1969-70.

Because of prompt action, such as moving cattle out of exhausted grazing lands by subsidized transport, the 1968-69 drought has not had the severe repercussions of the 1965-66 drought in the same general area. Fewer forced sales and forced slaughterings have occurred.

—Based on dispatch from Office of U.S. Agricultural Attaché, Canberra

CROPS AND MARKETS SHORTS

Weekly Report on Rotterdam Grain Prices

Current prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago, are as follows:

Item	June 10	Change from previous week	A year ago
Wheat:	*Dol. per bu.*	*Cents per bu.*	*Dol. per bu.*
Canadian No. 2 Manitoba	1.94	+1	2.03
USSR SKS-14	1.84	−3	1.88
Australian Prime Hard	1.86	0	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	1.91	+5	1.90
15 percent	1.94	+6	1.95
U.S. No. 2 Hard Winter			
14 percent	1.91	−2	1.80
Argentine	(1)		1.90
U.S. No. 2 Soft Red Winter	1.69	−2	1.49
Feedgrains:			
U.S. No. 3 Yellow corn	1.49	0	1.32
Argentine Plate corn	1.57	−4	1.51
U.S. No. 2 sorghum	1.24	−1	1.29
Argentine-Granifero	1.23	−5	1.32

[1] Not quoted.

Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

Germany Sets Cut Orchid Tenders

West Germany has announced a tender allowing imports of fresh cut orchids from all countries outside the European Community except the Communist countries of Eastern Europe.

Applications for import licenses will be accepted by the West German Government until December 30, 1969, or until an undisclosed value limit is reached. Licenses issued will be valid through December 31, 1969. The first day of customs clearance is July 1. Country of origin and country of purchase must be the same. EC quality standards and West German phytosanitary requirements must be observed.

Tanzania's Clove Exports Down

Reflecting smaller shipments to Indonesia, Tanzania's clove exports in 1968 fell by one-third from the year before to 25.8 million pounds valued at $8.3 million. Indonesia still remained the largest recipient, taking 9.8 million pounds, compared with 27.7 million in 1967. However, exports to the United States jumped sharply to 556,200 pounds from 134,400 pounds in the previous year.

Rhodesian Cotton Production Up

Rhodesian cotton production in 1968-69 (August-July) is estimated at around 110,000 bales (480 lb. net), compared with 80,000 bales a year earlier and 2,000 bales in 1960-61. The sharp increase in production is a result of increased acreage and improved irrigation and production practices.

Cotton prices are regulated by the Agricultural Marketing Authority through the Cotton Marketing Board, which acts as an agency of the Rhodesian Government. Beginning in May 1969, different prices were paid to farmers for different varieties of cotton; previously the only price differential was for machine-picked and hand-picked cotton. Prices for Albar seed cotton in pence per pound and (in parentheses) U.S. cents per pound are: Class A 8 (9.4), Class B 7 (8.2), Class C 5.25 (6.1), and Class D 3.5 (4.1). The producer price for Deltapine seed cotton will be ¼ d. (0.29 cent) per pound less than Albar. Reports indicate that Deltapine seed cotton has a higher lint turnout than Albar. Prices for machine-picked cotton from the experimental picking program in 1968-69 were continued at 1d. (1.17 cents) lower per pound than hand-picked cotton.

Consumption is estimated at 50,000 bales in 1968-69, compared with 45,000 bales a year earlier. Three mills—Gatoom Textiles, Rhodesian Spinners (Hartley), and Cotton Printers of Rhodesia (Bulawayo)—account for most of the cotton consumed in Rhodesia. Offtake has been increasing despite the loss of the textile export markets in Malawi and Zambia. Also, the 10-percent tariff imposed in September 1968 by the Republic of South Africa has cut textile exports to that country. The Rhodesian Government has curtailed imports of textiles to stimulate consumption of locally produced cotton goods.

Rhodesian exports totaled about 35,000 bales in 1967-68 and are expected to exceed that level this season.

U.S. Meat Imports Up in April

U.S. meat imports subject to quota restrictions during April totaled 90 million pounds. This level of imports was 14.9 percent more than for the same period in 1968, when imports totaled 78.3 million pounds. Imports during the January-April period totaled 318.4 million pounds—up 7.6 percent from the first 4 months a year earlier.

U.S. IMPORTS SUBJECT TO MEAT IMPORT LAW
(P.L. 88-482)

Imports	April	Jan.-Apr.
	Million pounds	*Million pounds*
1969:		
Subject to Meat Import Law [1]	90.0	318.4
Total beef and veal [2]	100.6	353.8
Total red meats [3]	146.8	491.0
1968:		
Subject to Meat Import Law [1]	78.3	295.8
Total beef and veal [2]	85.2	322.9
Total red meats [3]	121.3	470.0
1967:		
Subject to Meat Import Law [1]	58.8	256.6
Total beef and veal [2]	61.7	276.9
Total red meats [3]	93.5	410.8

[1] Fresh, chilled, or frozen beef, veal, mutton, and goat meat.
[2] All forms, including canned and preserved.
[3] Total beef, veal, pork, lamb, mutton, and goat meat.

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

OFFICIAL BUSINESS

POSTAGE & FEES PAID
United States Department of Agriculture

News from Canada

Agriculture Committee Offers Short-Term Proposals

The Committee on Agriculture of the Canadian House of Commons recently completed a swing through western Canada where members received suggestions from farmers, representatives of agricultural associations, and government officials. Leaving long-term solutions for Canada's agricultural problems to the Federal Task Force on Agriculture (see *Foreign Agriculture* April 21, 1969), the Committee submitted the following short-term proposals:

- Tariffs or other protective measures should be established so as to make import duties on live poultry comparable with the rates already in effect for eviscerated or dressed poultry.
- All-out efforts should be made by the Canadian Wheat Board and the Government of Canada to develop and maintain international markets for wheat.
- A two-price system for wheat, or something in lieu of it, should be established.
- A detailed study of terminal and transportation facilities for all grains should be initiated.
- An emergency floor price for export wheat should be established.
- Efforts should be increased to control pollution.
- Measures to alleviate the critical cash position of farmers in the predominantly grain-growing areas of western Canada should be adopted.

Grain Drying Progress

The Canadian Board of Grain Commissioners has reported a major improvement in the operation of grain dryers which are handling mountains of wet grain on the Prairies. (See *Foreign Agriculture,* Jan. 1, 1969.) In spite of adverse weather conditions in late January and early February, grain-drying operations are moving along at a good pace due in large part to a full-scale effort by western farmers.

It is reported that during March, the Board was receiving only 3 percent of damaged wheat samples. Indications are that Saskatchewan farmers had dried nearly 46-million bushels of damp grain and that 1,277 dryers were operating in the Province at the end of March. During the same period Manitoba dried about 10-million bushels of damp grain.

According to reports from the Board of Grain Commissioners, 58-million bushels of grain had been dried by April 1 at terminals on the West Coast, the interior, and the Lakehead, with terminal dryers operating on a 24 hour, 7 day per-week schedule. The Board is said to be aiming for a target of 110 million bushels of dried grain by the end of July.

Canadian Farm Income

A preliminary Bureau of Statistics estimate indicates that realized net income of Canadian farmers from farming operations amounted to Can$1,597.1 million in 1968, 3.2 percent below the 1967 estimate of $1,649.2 million and 8.3 percent below the record of $1,742.5 million set in 1966. The decline was due to increased operating expenses and depreciation charges, which counteracted record-high cash receipts and income in kind.

However, total net income from farming, calculated by adding the value of inventory changes of field crops and livestock to realized farm net income, is estimated at $1,802.1 million for 1968, 20.4 percent above the estimate of $1,496.9 million for 1967, but 7.5 percent below the record of $1,947.7 million established in 1966.

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